



An Economic Assessment of the Cost of Cancer and the Benefits of the Cancer Prevention and Research Institute of Texas and its Programs Synopsis of Key Results for Fiscal Year 2011

Investments in research, screening and related activities aimed at reducing the incidence and severity of cancer not only change lives but also generate important economic benefits. Such investments have the potential to both reduce the cost of cancer through improving outcomes and serve as a catalyst for business development in other related industries (such as biomedicine). The 2011 report updates the findings from the Perryman Group's (TPG) analysis based on the most recent indicators of cancer incidence as well as results to date stemming from CPRIT grants.

The annual direct medical costs and morbidity and mortality losses associated with cancer in Texas is now estimated to be approximately \$28.1 billion, up from \$25.3 billion last year and an increase of 28.6% since 2007. Because the treatment cost component represents a loss to various payers, there is a "multiplier" effect because these funds could otherwise be redeployed into business activity. The mortality and morbidity estimates TPG used include productivity assumptions below historical patterns and future projections. Average compensation (rather than per-capita) was used to better capture any disparity between state and national earnings patterns in computing lost or foregone income. Foregone income necessarily means that production, spending, employment, and other measures of economic activity are also foregone.

The current total annual impact of all prevention, commercialization and research programs (including initial outlays and downstream effects) associated with CPRIT on Texas business activity was found to be \$1.1 billion in output (real gross product) and 14,212 jobs. Even beyond the potentially life-changing influence of reducing the incidence and severity of the disease, the investment in research, screening, and other prevention activities generates substantial economic impacts. Moreover, the investment has the potential to reduce the cost of cancer through improving outcomes. Returns on investments in medical research include jobs created in the private sector, health care costs saved, the value of increased longevity, the value of reduced morbidity and disability, and the benefits of newer medicines and therapies. The positive economic effects of research activities also go far beyond the initial stimulus. Research leads to better cancer outcomes (and, thus, lower costs), spinoff activity, and the attraction of top researchers who can attract additional grant funds to the state.

**Every Dollar Invested
by CPRIT Returns:
(Including Initial
Outlays and
Downstream Effects)**

**\$4.78 in Output
(Real Gross Product)
\$1.99 in Annual State
and Local Revenue**

The ongoing outlays for CPRIT operations and programs are estimated to generate \$291.6 million in annual state revenue, as well as \$183.0 million in annual revenue to various local governments. Even beyond these sizable gains in business activity directly stemming from CPRIT investments, improved outcomes from screening and prevention could further enhance the economy. Research sponsored by CPRIT could also generate breakthroughs which lessen the cost of cancer, facilitate the attraction of top researchers, and yield spinoff companies.